

## Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00  
INR-07 NSAE-00 DODE-00 ACDA-07 MC-02 OMB-01  
TRSE-00 IGA-02 EB-08 XMB-02 COME-00 AID-05 FAA-00  
DOTE-00 /071 R

DRAFTED BY ARA/AND/E:JAALLITTO:MMS  
APPROVED BY ARA/AND:FJDEVINE  
PM/SAS - RTITUS (PHONE)  
D - LPASCOE  
S/S - MR.GAMBLE

-----030411Z 041804 /63

R 030258Z APR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY QUITO  
INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L STATE 074220

E.O. 11652:GDS

TAGS: MASS, MPOL, PFOR, EC

SUBJECT: THE RUMORS BEGIN FLYING

1. GEORGE BENOIT, RAYTHEON'S DIRECTOR OF MARKETING (EQUIPMENT DIVISION), TELEPHONED THE DEPT ON MARCH 31 TO ASK HOW THE GOE-USG TALKS WENT LAST WEEK, AND TO PASS ON THE FOLLOWING INFORMATION, WHICH HE ADMITTED RECEIVING SECOND OR THIRD HAND:

A) THE GOE'S DELEGATION RETURNED TO ECUADOR IN AN OPTIMISTIC FRAME OF MIND - NOT AT ALL DISAPPOINTED BY THE HEARINGS GIVEN THEM IN WASHINGTON;

B) DEPUTY SECRETARY CHRISTOPHER PERSONALLY TELEPHONED VICE  
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ADMIRAL OLMEDO AFTER THE MARCH 24 LUNCHEON AND WAS MUCH MORE ENCOURAGING THAN HE HAD BEEN DURING THE OFFICE CALL AND LUNCHEON;

C) THE GOE IS NOW TRYING TO DECIDE WHETHER OR NOT TO REQUEST A BRIEFING ON THE IMPROVED HAWK MISSILE SYSTEM (I-HAWK).

2. DEPTOFF ALLITTO REPLIED AS FOLLOWS:

A) WE ARE GLAD TO HEAR OF ECUADOR'S POSITIVE REACTION TO THE MEETINGS IN SPITE OF THE FACT THAT WE COULD NOT PROVIDE SPECIFIC ANSWERS;

B) (AFTER CHECKING WITH CHRISTOPHER'S OFFICE) THERE IS NO SUBSTANCE TO THAT RUMOR;

C) UNTIL THE ADMINISTRATION HAS AN APPROVED ARMS TRANSFER POLICY, WE WILL NOT BE ABLE TO REPLY TO THE QUESTION OF A BRIEFING, SINCE WE WOULD NOT WANT TO BRIEF THE ECUADOREANS ON SOMETHING WE COULD NOT SELL THEM.

3. BENOIT'S OPINION RE PARA 1C WAS THAT OLMEDO WAS TRYING TO FIND A WAY TO STALL THOSE IMPATIENT ECUADOREANS WHO WANT TO RUSH OFF AND BUY ARMS IMMEDIATELY, WITHOUT WAITING TO HEAR WHAT THE USG CAN OFFER. BY FORMALLY REQUESTING A BRIEFING ON THE I-HAWK, OLMEDO ET AL COULD THEN STALL THE HOTHEADS BY SAYING "LET'S WAIT UNTIL WE GET AN ANSWER ABOUT THE BRIEFING".

4. ALLITTO REPLIED THAT ANY TACTICS THAT BUY TIME WOULD HELP ALL OF US (I.E. THE USG, RAYTHEON, GULF, ETC.) SINCE IT IS STILL LIKELY TO BE WEEKS, IF NOT MONTHS, BEFORE THE USG CAN REPLY TO THE GOE'S SPECIFIC QUESTIONS.

5. COMMENT: THE SOURCE OF THIS INFORMATION IS HARDLY CONFIDENTIAL

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IMPARTIAL (RAYTHEON MAKES THE I-HAWK), AND HAS BEEN BADGERING THE DEPARTMENT FOR WEEKS SEEKING INFORMATION. ALSO, IN RESPONSE TO QUESTIONS, BENOIT ADMITTED THAT RAYTHEON HAD ASKED THE EXPORT-IMPORT BANK FOR A SECOND 90-DAY EXTENSION OF EXIM'S PRELIMINARY COMMITMENT TO FINANCE RAYTHEON'S PROPOSED SALE OF AN AIR TRAFFIC CONTROL SYSTEM TO ECUADOR. THE FIRST EXTENSION EXPIRED MARCH 31. IF, HOWEVER, BENOIT'S INFORMATION RE OLMEDO'S TACTICS PROVES CORRECT, AND IF OLMEDO RAISES THE SUBJECT WITH THE EMBASSY, THE EMBASSY MAY TELL OLMEDO THAT ALTHOUGH THE USG WILL NOT BE ABLE TO RESPOND IMMEDIATELY, NATURALLY IT WILL CAREFULLY CONSIDER ANY SUCH REQUEST.

6. FYI: THE QUESTION OF THE I-HAWK IS BEING STAFFED HERE, BUT WE WILL NOT HAVE ANSWERS FOR A WHILE.

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Date:** 22 May 2009  
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**Original Handling Restrictions:** n/a  
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**TAGS:** MASS, MPOL, PFOR, EC  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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22 May 2009  
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